

Assembly Bill No. 2514

CHAPTER 1017

An act to add Chapter 4.7 (commencing with Section 39760) to Part 2 of Division 26 of the Health and Safety Code, relating to agricultural biomass, and making an appropriation therefor.

[Approved by Governor September 30, 2000. Filed
with Secretary of State September 30, 2000.]

This bill would create a \$10 million account administered by the Department of Food and Agriculture to provide incentives for businesses that use rice straw for agricultural biomass projects. I have reduced the appropriation from \$10 million to \$2 million.

This measure will help California utilize agricultural biomass as a means of avoiding landfill use, preventing air pollution, and enhancing environmental quality. It will help to create hundreds of direct and indirect jobs in Northern California communities with historically high levels of unemployment. AB 2514 will foster alternative uses for rice straw and create new markets for recycled rice straw products.

GRAY DAVIS, Governor

LEGISLATIVE COUNSEL'S DIGEST

AB 2514, Thomson. Agricultural biomass and rice straw.

Existing law establishes the Rice Straw Demonstration Project Fund, and requires the State Air Resources Board to administer a demonstration program for the development of new rice straw technologies through the awarding of grants.

This bill would create the Agricultural Biomass Utilization Account in the Department of Food and Agriculture Fund, to be administered by the Department of Food and Agriculture in consultation with the state board and the California Integrated Waste Management Board.

The bill would appropriate \$10,000,000 from the General Fund to the account for the purposes of providing incentives for businesses that utilize agricultural biomass. The account would also include any moneys secured by the Secretary of Food and Agriculture for those purposes. The \$10,000,000 appropriated from the General Fund, minus administrative costs of up to 7%, would be required to be utilized to provide grants to persons that utilize rice straw for various purposes.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Chapter 4.7 (commencing with Section 39760) is added to Part 2 of Division 26 of the Health and Safety Code, to read:

CHAPTER 4.7. AGRICULTURAL BIOMASS UTILIZATION ACCOUNT

39760. The Legislature hereby finds and declares that the rice industry has led many other commodity groups in developing alternatives to open-field burning. In order to aid in the continuation of this role of leadership within the agricultural industry and to enable the transition to a free-market utilization of biomass, funds are needed to provide grants to persons that utilize agricultural biomass and rice straw.

39761. For the purposes of this chapter, the following terms mean:

(a) “Department” means the Department of Food and Agriculture.

(b) “Secretary” means the Secretary of Food and Agriculture.

39762. (a) (1) The Agricultural Biomass Utilization Account is hereby created in the Department of Food and Agriculture Fund.

(2) The sum of 10 million dollars (\$10,000,000) is hereby appropriated from the General Fund to the Agricultural Biomass Utilization Account for expenditure for the purposes identified in subdivision (b).

(b) The account shall be administered by the department, in consultation with the State Air Resources Board and the California Integrated Waste Management Board, for the purpose of providing grants to persons that utilize agricultural biomass as a means of avoiding landfill use, preventing air pollution, and enhancing environmental quality.

(c) Moneys in the account shall include moneys transferred from the General Fund pursuant to subdivision (a) and any moneys solicited by the secretary from other sources.

(d) The secretary shall actively solicit funds from other federal, state, and private sources with the goal of initially supplementing and eventually supplanting the appropriation from the General Fund made pursuant to subdivision (a).

(e) The department may implement similar grant programs for other commodity groups that are used for the purposes set forth in paragraphs (1) to (6), inclusive, of subdivision (e) of Section 39763.

(f) The department shall not utilize more than 7 percent of the funds described in subdivision (a) for the administration of the account.

39763. (a) The funds appropriated by paragraph (2) of subdivision (a) of Section 39762, less administrative costs, shall be dedicated for grants to persons that utilize rice straw.

(b) Grants shall be provided pursuant to this chapter in a manner to be determined by the department, and shall include, but shall not be limited to, grants on a per-ton basis and a per-project basis.

(c) On or before July 1 of each year, the secretary shall set the per-ton grant level in an amount of not less than twenty dollars (\$20) per ton of rice straw so utilized.

(d) Grants shall not be provided pursuant to this section for the purchase of any rice straw for which a tax credit has been claimed pursuant to Section 17052.10 of the Revenue and Taxation Code.

(e) A per-ton grant may be provided pursuant to this chapter only if the applicant is the “end-user” of agricultural biomass. For purposes of this subdivision, “end user” means a person who uses agricultural biomass for any of the following purposes:

- (1) Processing.
- (2) Generating energy.
- (3) Manufacturing.
- (4) Exporting.
- (5) Preventing erosion.

(6) Any other environmentally sound purpose, excluding open-field burning, as determined to be appropriate by the department.

(f) Criteria to be considered by the department in determining whether to award a grant pursuant to this chapter shall include, but shall not be limited to, the following:

- (1) Quantity of biomass to be utilized.

(2) Whether the proposed use offers other environmental or public policy benefits, including but not limited to, landfill avoidance, pollution prevention, electrical generation, and sustainability.

(3) The degree to which the proposed grant would assist in moving the commodity group toward an eventual free market utilization of biomass without the assistance of government.

(g) The secretary shall select grant recipients in consultation with the State Air Resources Board, the Integrated Waste Management Board, and the advisory committee created pursuant to subdivision (l) of Section 41865 from a list of potential grantees recommended by the Department of Food and Agriculture.

